

Message Text

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C O R R E C T E D C O P Y FOR PARA A SUB PARA THREE

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E.O. 11652: N/A

TAGS: ECON, EAID, EG

SUBJECT: ASSESSMENT OF EFFECTIVENESS OF ECONOMIC ASSISTANCE

REF: (A) STATE 306063, (B) STATE 306061

A. AS REQUESTED REFA USAID PLANS SUBMISSION OF FOUR ASSESSMENT OF SIX MULTILATERAL PROJECTS SPONSORED BY UN AGENCIES IN THIS INSTANCE BY THE WORLD BANK, UNDP, WORLD FOOD PROGRAM AND UNICEF. THIS ASSESSMENT WILL BE PROVIDED IN TWO PARTS. THIS MESSAGE WILL PROVIDE OUR ASSESSMENT OF THREE PROJECTS. TWO OF WHICH ARE CONSIDERED SUCCESSES (UNDP SUEZ CANAL COST SHARING PROGRAM AND WFP LAND RECLAMATION), AND ONE LESS THAN SUCCESSFUL PROJECT (WFP SUPRAMINE PRODUCTION). FIRST, HOWEVER, SEVERAL GENERAL COMMENTS ARE IN ORDER:

- GIVEN THE 7 YEAR BREAK IN U.S. RELATIONS WITH EGYPT (1967-1974) AND THE FACT THAT U.S. ASSISTANCE WAS ONLY REESTABLISHED IN LATE 1974, OUR PERSPECTIVE OF UN AGENCY PROGRAMS IN EGYPT IS NECESSARILY SHORT. WE HAVE, THEREFORE, SELECTED PROJECTS WHICH ARE STILL UNDERWAY -AND IN ONE CASE IS ONLY IN BEGINNING STAGES. UNDER
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THESE CIRCUMSTANCES IT IS DIFFICULT TO PREDICT ULTIMATE SUCCESS OR FAILURE AND WITHOUT HISTORICAL PERSPECTIVE, EVEN NECESSARILY WHAT UNDERLYING CASUAL FACTORS ARE AT PLAY.

- BECAUSE OF A VARIETY OF FACTORS INCLUDING AN URGENT NEED TO REHABILITATE EGYPTIAN INFRASTRUCTURE, DAMAGE BROUGHT ABOUT IN THE SUEZ CANAL AREA BY THE 1973 WAR, GROWING PROBLEM OF URBANIZATION

AND UNTIL RECENTLY LACK OF VIABLE PROJECTS SPECIFICALLY TARGETED TO THE POOR MAJORITY -AND IN PARTICULAR THE RURAL POOR, MUCH OF THE UN DONOR ACTIVITY HAS BEEN CONCENTRATED IN CAPITAL PROJECTS WHERE BENEFITS TO THE POOR ARE OFTEN INDIRECT.

- FINALLY, AS IN THE CASE OF MOST PROJECTS, THE EXAMPLES WE HAVE SELECTED ARE NEITHER UNQUALIFIED SUCCESSES NOR UNMITIGATED FAILURES - FOUR, HOWEVER, ARE GENERALLY CONSIDERED (AT LEAST) SHORT TERM) TO BE EFFECTIVE AND TWO RELATIVELY INEFFECTIVE.

B. UNDP SUEZ CANAL "COST SHARING" PROGRAM:

1. AT THE END OF THE 1973 WAR, EGYPT WAS FACED WITH THE NECESSITY OF RECONSTRUCTING AND DEVELOPING A NUMBER OF AREAS THROUGHOUT THE COUNTRY TO RELIEVE URBAN POPULATION PRESSURES ON CAIRO AND ALEXANDRIA

. PRESSURES HAD BUILT UP ON THESE TWO CITIES DUE TO INCREASING MIGRATION FROM RURAL AREAS AND REFUGEES FROM THE SUEZ CANAL AREA. RECOGNIZING NEED FOR PLANNING AND COORDINATION IN THIS EFFORT, THE GOE APPROACHED UNDP FOR ASSISTANCE ON TECHNICAL ASPECTS OF A RECONSTRUCTION PROGRAM. IT WAS CLEAR THE SUEZ CANAL REGION SHOULD HAVE TOP PRIORITY FOR ANY MAJOR REDEVELOPMENT/REHABILITATION EFFORT BECAUSE OF ITS POTENTIAL TO ATTRACT FORMER INHABITANTS AND GENERATE INCOME THROUGH THE RE-OPENING OF THE CANAL AND BECAUSE OF ITS SYMBOLIC IMPORTANCE IN THE PEACE PROCESS. AS A RESULT, UNDP, IN COORDINATION WITH GOE, ESTABLISHED A JOINT WORKING COMMITTEE (JWC)
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TO ASSESS PROBLEMS OF CANAL AREA RECONSTRUCTION. GOE MINISTRY OF HOUSING AND RECONSTRUCTION OFFICIALS SERVED AS PRINCIPAL GOE MEMBERS ON COMMITTEE. IN ADDITION, UNDP SOUGHT CONTRIBUTIONS FROM OTHER WESTERN DONORS TO EXPEDITE PLANNING. UNDP WAS NOT IN A POSITION TO PROVIDE THE NECESSARY RESOURCES SINCE SUEZ RECONSTRUCTION AND REDEVELOPMENT PROGRAMMING REQUIRE UP TO FIVE TIMES THE PRESENT UNDP ANNUAL BUDGET FOR EGYPT. THROUGH EFFECTIVE DONOR COLLABORATION, HOWEVER, UNDP RAISED \$9.4 MILLION TO COVER LARGE PORTION OF ESTIMATED \$15 MILLION REQUIRED FOR PRELIMINARY FEASIBILITY STUDIES. (PLEDGES FOR THE BALANCE OF FUNDS ARE EXPECTED SHORTLY.) RESULTS OF THE FIRST PLANNING PHASE HAVE BEEN SUCCESSFUL - EIGHT STUDIES HAVE BEEN COMPLETED OR ARE NEARING COMPLETION - THAT THE UNDP AND DONOR PARTICIPANTS HAVE AGREED TO EXTEND THE PROGRAM INTO A MORE AMBITIOUS SECOND PHASE. THE SECOND PHASE WILL ENTAIL SOME 19 FEASIBILITY STUDIES OF A VARIETY OF POTENTIAL INVESTMENTS IN THE SUEZ CANAL AREA.

2. IN TERMS OF ASSESSMENT CRITERIA, UNDP/OTHER DONOR FINANCED FEASIBILITY STUDIES HAVE LITTLE DIRECT IMPACT ON LOWEST ECONOMIC GROUP. YET IN LONGER TERM A FULLY IMPLEMENTED INTEGRATED DEVELOPMENT PLAN FOR REGION WOULD PROVIDE BETTER STANDARD OF LIVING FOR THE PRESENT 800,000 INHABITANTS AND SUPPORT AN ADDITIONAL 2.4 MILLION

WHO WOULD BE TRANSPLANTED FROM THE MORE POPULOUS AREAS, THUS RELIEVING SERIOUS OVERCROWDING IN OTHER URBAN CITIES. ADDITIONALLY, THE UNDP EFFORT SHOULD SERVICE TO PROVIDE PLANNING EXPERIENCE FOR SIMILAR EFFORTS IN OTHER PARTS OF EGYPT.

3. AS THE JWC HAS BECOME THE PRIMARY INSTITUTION FOR SUEZ REGIONAL PLANNING, IT IS ALSO A VEHICLE FOR IMPROVING GOE'S FUTURE OVERALL DEVELOPMENT PROGRAMMING. UNDP IS MOST CONSCIOUS OF THIS AND HAS FOLLOWED AN INTEGRATED APPROACH FROM OUTSET TO PERMIT STEP-BY-STEP PROGRESS. ONCE ONE SERIES OF STUDIES ARE COMPLETED GOE CAN MOVE THOSE ACTIVITIES INTO IMPLEMENTATION PHASE AS RESOURCES PERMIT AND CONTINUE PLANNING FOR OTHER PORTIONS OF DEVELOPMENT PROGRAM.

4. THE ORIGINAL CONCEPT OF THE PROGRAM WAS TO MOBILIZE DOMESTIC AND UNCLASSIFIED

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FOREIGN RESOURCES TOWARD THE GOAL OF PREPARING A COMPREHENSIVE DEVELOPMENT PLAN FOR THE SUEZ REGION. AT THE MOMENT, THIS IS A MODEL

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FOR FUTURE PROJECTS OF THIS TYPE. EXPERIENCE IN THE PAST HAS BEEN THAT WHERE SPECIFIC PROJECTS IN THE CANAL AREA WERE IDENTIFIED, DONOR FUNDING HAS BEEN READILY FORTHCOMING. WHILE MANY OF THE STUDIES ARE NOT COMPLETE OR JUST COMPLETED IT IS EXPECTED THAT THE DONOR FUNDING FOR PROJECTS WILL BE OBTAINED IN THE NEAR FUTURE.

5. MULTIPLIER EFFECTS OF THE PROGRAM ARE IMPOSSIBLE TO QUANTIFY

BUT GOE IS CLEARLY AWARE OF BENEFITS FROM THIS TYPE OF COORDINATION AND IS SEEKING TO FIND OTHER AREAS WHERE SIMILAR PLAN COULD BE USED. INDIRECTLY, OF COURSE, THE SUBSEQUENT REHABILITATION OF SUEZ AREA'S THREE CITIES, ADDITION OF NEW INDUSTRIES, AND INCREASED TRAFFIC IN THE CANAL WILL HAVE EFFICACIOUS EFFECT ON ENTIRE ECONOMY.

6. DONOR COORDINATION ON PROJECT HAS BEEN EXEMPLARY AND PROGRAM ITSELF HAS HIGHLIGHTED MANNER IN WHICH UNDP CAN PLAY PARTICULARLY USEFUL ROLE IN POOLING DONOR RESOURCES TOWARD COMMON OBJECTIVES.

7. IN SUMMARY, THE PROJECT MET ITS SPECIFIC OBJECTIVES WITHIN A LIMITED TIME FRAME, E.G., ESTABLISHING AN OVERALL DEVELOPMENT PLAN FOR SUEZ CANAL AREA AND IDENTIFYING A SERIES OF FEASIBLE STUDIES THAT COULD BE MADE FOR SPECIFIC PROJECTS INVOLVING INDUSTRIAL AND AGRICULTURAL DEVELOPMENT, TOURISM, AIR POLLUTION, WATER RESOURCES, AND MANPOWER MOBILIZATION. AS A RESULT A DECISION WAS MADE TO CONTINUE THE PROGRAM BECAUSE OF ACHIEVEMENTS IN INITIAL PHASE.

C. WORLD FOOD PROGRAM - LAND RECLAMATION, DEVELOPMENT AND

- SETTLEMENT PROJECT:

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1. THE WORLD FOOD PROGRAM'S LAND RECLAMATION, DEVELOPMENT AND SETTLEMENT PROJECT IS PART OF AN OVERALL GOE PROGRAM TO RECLAIM, DEVELOP AND SETTLE UNUSED LANDS. THE GOE GOAL IS TO RECLAIM A TOTAL OF 1.3 MILLION FEDDANS OF LAND BY UTILIZING WATER MADE AVAILABLE BY THE CONSTRUCTION OF THE ASWAN DAM FOR IRRIGATION. GIVEN THE SCARCITY OF AGRICULTURE LAND AND GROWING POPULATION, THE PROJECT REPRESENTS A PRIORITY AREA IN DEVELOPMENT FOR THE GOVERNMENT. ASSISTANCE WAS REQUESTED FROM A NUMBER OF DONOR AGENCIES AND COUNTRIES, AND BASIC NEEDS IN THE NEWLY RECLAIMED AREAS HAVE BEEN MET THROUGH FRG, UNDP, UNICEF AND FAO CONTRIBUTIONS IN THE FORM OF TECHNICAL ASSISTANCE AND PROVISION OF EQUIPMENT AS WELL AS BY BUDGET SAVINGS REALIZED BY THE GOE THROUGH WFP CONTRIBUTION OF FOOD COMMODITIES.

- THE WFP CONTRIBUTION TO THIS EFFORT WAS APPROVED INITIALLY IN 1969 FOR A PERIOD OF FIVE YEARS BEGINNING JANUARY 1970. SUBSEQUENTLY, THE PROJECT HAS BEEN EXTENDED TWICE AND WAS SCHEDULED FOR COMPLETION BY THE END OF 1977. IT IS ANTICIPATED, HOWEVER, THAT ASSISTANCE WILL BE CONTINUED FOR ANOTHER TWO YEARS BEYOND THAT.

2. TOTAL WFP CONTRIBUTION TO DATE IS VALUED AT \$84.4 MILLION IN FOOD COMMODITIES, CONSISTING OF CANNED MEAT, FISH AND CHEESE, EDIBLE OIL, SUGAR, WHEAT AND WHEAT FLOUR, SUGAR AND DEHYDRATED POTATOES. COMMODITIES ARE DISTRIBUTED AS PART PAYMENT OF WAGES TO MIGRATORY LABORERS WORKING ON DEVELOPMENT OPERATIONS IN NEWLY RECLAIMED LANDS AND AS A SUBSTITUTE FOR GOVERNMENT CASH SUBSIDIES TO SETTLERS DURING THE INITIAL PERIOD OF THEIR SETTLEMENT ON RECLAIMED LANDS ALLOTTED TO THEM. THE FUNDS SAVED BY THE GOVERNMENT AS A RESULT OF WFP ASSISTANCE ARE TO BE USED FOR FINANCING RELATED ECONOMIC AND SOCIAL INFRASTRUCTURE ACTIVITIES IN THE NEWLY SETTLED AREAS.

3. THE PROJECT IS UNDER THE DIRECTION OF THE EGYPTIAN AUTHORITY FOR

THE UTILIZATION AND DEVELOPMENT OF RECLAIMED LAND (EAUDRL) UNDER
THE MINISTRY OF LAND RECLAMATION. PROJECT COMPONENTS INCLUDE LAND
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LEVELLING, ESTABLISHMENT OF FARM IRRIGATION SYSTEMS, SOIL IMPROVEMENT,
LAND CULTIVATION FOR AN INITIAL FIVE YEARS, AND SETTLEMENT OF THE
LAND AFTER IT REACHES A CERTAIN STAGE OF PRODUCTIVITY (USUALLY
AFTER 3-6 YEARS OF CULTIVATION). EACH SETTLER FAMILY IS GIVEN
BETWEEN TWO AND FIVE FEDDANS OF LAND, DEPENDING ON THE AREA AND
TYPE OF SOIL. SETTLERS ARE FARMERS BETWEEN THE AGES OF 25 AND 50
WHO APPLY THROUGH THE GOVERNORATE ADMINISTRATIVE SERVICE. MIGRATORY
LABORERS AND APPLICANTS FROM NEIGHBORING AREAS ARE GIVEN PREFERENCE.
IN UPPER EGYPT, SETTLERS ARE ALSO THOSE WHOSE LANDS WERE INUNDATED
AS A RESULT OF THE ASWAN DAM.

4. WFP ASSISTANCE WAS INVOLVED IN: (1) RECLAIMING ABOUT 727,000
FEDDANS OF NEW LANDS, (2) SETTLEMENT OF FARMERS ON ABOUT 317,000
FEDDANS OF RECLAIMED LANDS, (3) DISTRIBUTION OF WFP COMMODITIES
TO AN AVERAGE OF ABOUT 100,000 MIGRATORY LABORERS ANNUALLY AND TO
ABOUT 63,000 SETTLER FAMILIES DURING THE INITIAL THREE YEARS OF
SETTLEMENT, AND (4) PROGRAM PLANNING FOR AN ESTIMATED LE 14 MILLION
RELEASED AS A RESULT OF WFP AID FOR ACTIVITIES AIMED AT
ESTABLISHING ECONOMIC AND SOCIAL INFRASTRUCTURE IN THE NEW AREAS.

- BY DECEMBER 1975, THE FIRST PHASE OF THE WFP PROJECT HAD ENDED
AND ROUGHLY 212,000 FEDDANS OR ABOUT 57 PERCENT OF THE TARGETED AREA
HAD BEEN HANDED OVER TO THE LAND CULTIVATION AND DEVELOPMENT
AUTHORITY (FORMERLY EAUDRL). THE PLAN WAS THAT 317,000 FEDDANS
WOULD BE UNDER THE WFP PROGRAM AND DEVELOPED BY 1975. HOWEVER, INCREA-
SES IN COSTS OF INITIAL IRRIGATION AND RECLAMATION ACTIVITY AND
DISRUPTION OF ACTIVITY BECAUSE OF THE 1973 WAR HAVE DELAYED COMPLETION

BY DECEMBER 1975, WITHIN THE ALREADY DEVELOPED AREA, ABOUT 67 PERCENT
OF THE TARGETED AMOUNT OF LAND HAD BEEN DISTRIBUTED TO SETTLERS.
MAN DAYS WORKED BY MIGRATORY LABORERS VARIED BETWEEN 70 PERCENT

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AND 90 PERCENT OF THE TARGETED NUMBER. FUNDS RELEASED AS OF DECEMBER 1975 WERE ABOUT LE 13 MILLION AND WERE BEING UTILIZED FOR HOUSING, COOPERATIVES, ANIMAL HUSBANDRY, STORAGE, PROCESSING AND MARKETING FACILITIES, TRAINING AND RESEARCH AND COMMUNITY DEVELOPMENT ACTIVITIES.

- THE PROJECT ADDRESSES THE BASIC NEEDS OF A LARGE NUMBER OF POOR BY PROVIDING LAND TO THOSE WHO WOULD OTHERWISE BE LANDLESS LABORERS OR TENANTS WORKING ON LARGE LAND HOLDINGS. IN PROVIDING SOCIAL/ECONOMIC AS WELL AS BASIC PHYSICAL INFRASTRUCTURE, IT HAS FURTHER UPGRADED THE QUALITY OF LIFE OF THE SETTLER FAMILIES SINCE THE PROGRAM DESIGN PROVIDES FOR PRIMARY SCHOOLS, HEALTH UNITS, SOCIAL UNITS, COMMUNITY CENTERS, COOPERATIVES AND OTHER SOCIAL/ECONOMIC SERVICES IN APPROPRIATE AND ADEQUATE RATIOS TO THE POPULATION.

- USAID ANALYSIS OF THE PROGRAM INDICATED THAT THERE HAS BEEN DISTINCT AND VISIBLE IMPROVEMENT IN LIFE STYLES OF THE SETTLERS COMPARED WITH THOSE OBSERVED IN THE AVERAGE VILLAGES IN THE OLD LANDS. PRIMARY SCHOOLS AND KINDERGARTENS ARE OPERATING, VARIOUS SKILLS WORKSHOPS WERE IN OPERATION, LIVESTOCK APPEARS BETTER CARED FOR, HOUSES APPEAR CLEAN AND WELL BUILT, ETC. GENERALLY THERE IS A HEALTH PIONEERING SPIRIT AND THE PEOPLE APPEAR TO BE WELL SATISFIED WITH THE PROGRAM AND MANAGEMENT.

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- ALTHOUGH THERE HAS BEEN SOME SHORTFALL IN TARGETS, OUR ANALYSIS SHOWS THAT THE WFP PROGRAM HAS ACCOMPLISHED ITS OBJECTIVES. THE GOE CONTINUES TO GIVE HIGH PRIORITY TO DEVELOPING NEW LANDS AND SETTLING THEM AND HAS ASSIGNED PERSONNEL OF GENERALLY HIGH CALIBER AND CAPABILITY TO MANAGE AND IMPLEMENT THE DIFFERENT PHASES OF THE PROGRAM.

- COORDINATION AMONG DONORS AND WITHIN GOE AGENCIES SEEMS TO BE EXCELLENT AS WELL AS BETWEEN THE GOE AND DONOR AGENCIES. PLANNING HAS BEEN OVERALL GOOD. HOWEVER, IN SOME CASES PLANS HAVE BEEN MORE AMBITIOUS THAN RESOURCES AVAILABLE. THE SECOND PHASE OF THE PROGRAM INVOLVING THE RECLAIMING AND DEVELOPMENT OF THE BALANCE OF LANDS PROGRAMMED DESERVES FURTHER WFP SUPPORT.

D. WFP PROJECT-SUPRAMINE PRODUCTION

1. THE INFANT MORTALITY RATE IN EGYPT IS 116 PER THOUSAND. THE MORTALITY RATE AMONG THE AGE GROUP 1 TO 4 YEARS IS 27 PER THOUSAND

WHICH IS VERY HIGH BY ANY STANDARD AND REFLECTS THE LOW HEALTH AND NUTRITIONAL STATUS OF EGYPTIAN CHILDREN. DURING THE LATE 1960S THE GOE AND UNICEF CARRIED OUT STUDIES IN VARIOUS AREAS OF THE COUNTRY WHICH INDICATED THAT PROTEIN-CALORIE MALNUTRITION WAS PRESENT TO A GREATER OR LESSER DEGREE IN MORE THAN 70% OF THE CHILDREN EXAMINED. MALNUTRITION APPEARED TO BE GREATER IN THE RURAL AREAS THAN URBAN AND MORE PREVALENT AMONG GIRLS THAN BOYS, PERHAPS BECAUSE OF CULTURAL AND RELIGIOUS MORES WHICH DICTATE THAT SCARCE RESOURCES GO TO MALES IN THE FAMILY FIRST. THE WORST MALNUTRITION WAS GENERALLY FOUND IN CHILDREN OF WEANING AGE, THAT IS, IN THE SECOND YEAR OF LIFE

FAULTY WEANING PRACTICES COMBINED WITH A LARGE INCIDENCE OF GASTRO-INTESTINAL DISORDERS APPEARED TO BE CONTRIBUTORY CAUSES.

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2. THE GOE, RECOGNIZING THE NEED TO IMPROVE THE HEALTH AND NUTRITIONAL STATUS OF CHILDREN IN THE VULNERABLE AGE GROUP, REQUESTED ASSISTANCE IN THE PRODUCTION OF A NUTRITIOUS FOOD WHICH COULD BE MADE AVAILABLE AT A LOW COST AND, IN THE CASE OF THE NEEDIEST PEOPLE, COULD BE DISTRIBUTED FREE AT THE HEALTH CENTERS AND UNITS THROUGHOUT EGYPT. ACCORDINGLY, UNICEF AND WFP AGREED TO ASSIST THE GOE IN THE PROJECT, BELIEVING THAT THIS WOULD BE ONE INTERVENTION WHICH COULD HELP TO COMBAT MALNUTRITION, PARTICULARLY WITH THE COMPONENT OF NUTRITION EDUCATION WHICH WOULD, HOPEFULLY, HAVE LONG RANGE EFFECTS.

3. THE SUPRAMINE PROJECT, BEGAN IN 1973 WITH WFP AND UNICEF ASSISTING THE GOVERNMENT OF EGYPT IN ITS EFFORTS TO COMBAT MALNUTRITION IN CHILDREN THROUGH THE PRODUCTION OF A LOW COST PROTEIN-RICH FOOD. THE PRODUCT IS BASED PRIMARILY ON LOCALLY PRODUCED RAW MATERIALS - LENTILS, CHICKPEAS, AND SUGAR - WITH WFP CONTRIBUTING DRIED SKIM MILK AND WHEAT FLOUR. UNICEF AGREED TO PROVIDE PRODUCTION EQUIPMENT AND MACHINERY AND TO FINANCE TRAINING FOR THE TECHNICIANS INVOLVED IN PRODUCTION OF THE COMMODITY. THE PROJECT DURATION WAS SCHEDULED TO BE FIVE YEARS.

- THE TOTAL WFP CONTRIBUTION TO THE PROJECT IS VALUED AT \$2.5 MILLION; UNICEF HAS PROVIDED \$1 MILLION IN EQUIPMENT AND TRAINING; AND, THE GOE PORTION OVER THE FIVE YEAR PERIOD IS ESTIMATED TO BE ABOUT \$8 MILLION EQUIVALENT. THUS, THE TOTAL PROJECT COST IS ABOUT \$11.5 MILLION, OF WHICH THE GOE SHARE COMES TO ABOUT 70.

- THE PLAN OF OPERATIONS FOR THE PROJECT ENVISAGED THAT THE PRODUCT, TO BE CALLED "SUPRAMINE", WOULD BE SOLD ON THE MARKET AT LOW COST AND DISTRIBUTED FREE OF CHARGE AND/OR SUBSIDIZED FOR THE

NEEDIEST GROUPS. AS IS THE CASE OF A NUMBER OF WFP ASSISTED PROJECTS,
FUNDS THAT THE GOE SAVES AS A RESULT OF WFP PROVIDING SOME OF THE
RAW MATERIALS FOR PRODUCTION OF THE FOOD WAS TO BE USED FOR RELATED

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PROJECT PURPOSES. IN THIS CASE THESE PURPOSES WERE TO SUPPORT THE
PRICE OF SUPRAMINE DURING THE INITIAL STAGES OF PRODUCTION;
TO CARRY OUT SALES PROMOTION, TRAINING OF STAFF AND
PURCHASE OF EQUIPMENT IN THE FIELD OF NUTRITION EDUCATION; AND, TO
FINANCE EXPANDED PRODUCTION OF SUPRAMINE AND OTHER LOW COST NUTRITIOUS
FOODS.

- THE PRODUCTION OF SUPRAMINE WAS UNDERTAKEN BY THE NILE COMPANY
FOR PHARMACEUTICALS, A PUBLIC SECTOR COMPANY. THE FACTORY BEGAN
PRODUCTION ON AN EXPERIMENTAL BASIS IN JANUARY OF 1973 AND BEGAN
COMMERCIAL PRODUCTION IN MARCH OF THAT YEAR.

- IN ORDER TO GET MAXIMUM BENEFIT FROM THE INTRODUCTION OF THIS
FOOD, THE GOE ALSO PLANNED TO INTRODUCE NUTRITION EDUCATION WHICH
WOULD INCLUDE SUCH ESSENTIAL COROLLARIES AS HYGIENE, SANITATION
AND IMMUNIZATIONS. THESE ACTIVITIES WERE TO BE CARRIED OUT
BY THE MINISTRY OF HEALTH, INSTITUTE OF NUTRITION, AND WERE TO BE
AIMED AT NOT ONLY THE ATTENDEES AT THE HEALTH CENTERS BUT THE
POPULACE AT LARGE THROUGH ADVERTISING CAMPAIGNS.

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4. THE LONG RANGE PURPOSE OF THE PROJECT WAS TO IMPROVE NUTRITIONAL STATUS OF CHILDREN THROUGHOUT EGYPT. TO HELP REALIZE THIS OBJECTIVE, A NUMBER OF TARGETS WERE ESTABLISHED DURING THE PROJECT LIFE. PRODUCTION WAS TO REACH 1,000 TONS IN THE FIRST YEAR OF THE PROJECT, RISING TO 4,000 TONS IN THE FOURTH YEAR. IN THE FIRST YEAR, HOWEVER, ONLY 380 TONS WERE PRODUCED AND BY THE FOURTH YEAR SOMEWHAT LESS THAN 1,000 TONS. SOME OF THE REASONS FOR THE CONSIDERABLE SHORTFALL WERE:

- FIRST, A LESS THAN ANTICIPATED INSTALLED CAPACITY OF THE FACTORY; WEAK MARKET DEMAND, LESS THAN ANTICIPATED DISTRIBUTION AT MINISTRY OF HEALTH CENTERS DUE TO INADEQUATE BUDGET SUPPORT BY THE MINISTRY; AND A PRODUCT PRICE INSUFFICIENT TO COVER OPERATING COSTS OF PRODUCTION.

- SECOND, IT WAS ANTICIPATED THAT AN AVERAGE OF 160,000 CHILDREN WOULD RECEIVE SUPRAMINE EACH YEAR. IN FACT, AFTER THREE YEARS OF IMPLEMENTATION, IT WAS ESTIMATED THAT ONLY 55,000 CHILDREN HAVE ACTUALLY RECEIVED THE FOOD.

- THIRD, SUPRAMINE WAS TO HAVE BEEN DISTRIBUTED TO ALL MCH CENTERS; IN PRACTICE, IT HAS BEEN DISTRIBUTED MAINLY IN URBAN AREAS AS OPPOSED TO RURAL AREAS, WHERE THE NEED IS GREATER.

- FOURTH, COMMERCIAL SALES OF SUPRAMINE WERE EXPECTED TO TAKE PLACE THROUGHOUT THE COUNTRY, WITH A DEMAND BUILT UP THROUGH PROMOTIONAL ADVERTISING. AS INDICATED PREVIOUSLY, PRODUCTION HAS BEEN LIMITED AND AS A RESULT, VERY LITTLE SUPRAMINE HAS BEEN AVAILABLE ON THE MARKET. ALSO, THERE HAS BEEN LITTLE MARKET DEMAND, PARTIALLY DUE TO THE FACT THAT THE PRICE IS TOO HIGH FOR THE POOR, AND, AT THE SAME TIME, NEITHER THE POOR NOR THOSE WHO ARE BETTER OFF CONSIDER IT A DESIRABLE PRODUCT BECAUSE IT IS LOOKED AT AS A POOR MAN'S FOOD AS OPPOSED TO OTHER COMMERCIAL WEANING FOODS.

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- FINALLY, LITTLE NUTRITION EDUCATION HAS BEEN PROVIDED AND, APPARENTLY, NONE BY THE NUTRITION INSTITUTE. SOME NUTRITIONAL EDUCATION WAS UNDERTAKEN BY THE NILE COMPANY FOR PHARMACEUTICALS IN THE FORM OF CONFERENCES FOR DOCTORS AND PRODUCT DEMONSTRATIONS, HOWEVER, NO EDUCATION OF BENEFICIARIES WAS PROVIDED.

5. A UNITED NATIONS EVALUATION TEAM WAS SENT TO EGYPT IN 1976 UNDER THE AUSPICES OF WFP TO ASSESS THE PROJECT, PRIMARILY AS A RESULT OF ITS SLOW DEVELOPMENT. THE TEAM WAS REQUESTED TO REVIEW THE PROJECT AND RECOMMEND WHETHER OR NOT WFP SHOULD CONTINUE ASSISTANCE. THE TEAM ASSESSED THE PROJECT'S STRENGTH AND WEAKNESS AND ON BALANCE

DECIDED TO RECOMMEND CONTINUED ASSISTANCE TO THE PROJECT PROVIDED
DRASTIC STEPS WERE TAKEN BY THE GOE TO STRENGTHEN IT.

- AT THIS TIME USAID WAS ASKED TO COMMENT ON THE PROJECT AND THE
TEAM'S RECOMMENDATIONS. USAID QUESTIONED THE BASIC ASSUMPTIONS
OF THE PROJECT, I.E., THAT PRODUCTION OF SUPRAMINE COULD BE AN
EFFECTIVE MEANS OF COMBATING MALNUTRITION IN VULNERABLE GROUPS;
AND, THAT THE GOE WAS COMMITTED TO THE PROJECT TO THE EXTENT IT WOULD
CONTINUE IT AFTER EXTERNAL ASSISTANCE HAS BEEN PHASED OUT. WFP
DECIDED, HOWEVER, TO CONTINUE THE PROJECT.

- JUDGING BY THE EXPERIENCE TO DATE IN THIS PROJECT AND IN OTHER LOW

COST WEANING FOODS, THE ABOVE ASSUMPTIONS APPEAR NOT VALID. THE
BASIC PROBLEM APPEARS TO BE THAT THE COST OF THE PRODUCT IS TOO
HIGH FOR THE TRULY POOR; THEREFORE, VULNERABLE GROUPS CANNOT BE
REACHED VIA NORMAL MARKET CHANNELS. IT IS ACCEPTED BY RECIPIENTS
AT MCH CENTERS BUT IT LACKS STATUS AND IS REGARDED AS A "LDW CLASS
GIVEAWAY FOOD". SINCE THE COST OF PRODUCTION IS HIGH, MOREOVER,
IT DOES NOT REPRESENT A COST EFFECTIVE INTERVENTION FOR THE
GOVERNMENT TO USE IN ITS HEALTH CENTERS.

- IN SUMMARY, PROJECT DESIGN, PLANNING AND IMPLEMENTATION ALL HAVE
BEEN WEAK. UNREALISTIC TARGETS FOR PRODUCTION WERE SET, NO
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COME-00 XMB-04 FRB-01 IO-14 AGRE-00 CIAE-00
DODE-00 PM-05 H-02 INR-07 L-03 NSAE-00 NSC-05
PA-02 PRS-01 SS-15 USIA-15 IGA-02 /103 W
-----124048 242124Z /65/11

P 190803Z JAN 78

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC PRIORITY 4451

UNCLAS SECTION 05 OF 05 CAIRO 02100

C O R R E C T E D C O P Y F O R P A R A 5 S U B P A R A E

MACHINERY FOR PROMOTING AWARENESS OF THE PRODUCT AND ITS BENEFITS WAS SET UP, COSTING OF INPUTS AND OPERATING EXPENSES WAS UNREALISTIC, NO ANALYSIS OF POTENTIAL DEMAND WAS DONE, FEW ARRANGEMENTS FOR DISTRIBUTION THROUGH THE MCH CENTERS WERE MADE, INCLUDING EDUCATING THE MCH STAFF MEMBERS. IT WOULD ALSO APPEAR DOUBTFUL THAT THE GOVERNMENT WOULD CARRY ON PRODUCTION AFTER EXTERNAL AID CEASES. FINALLY, THE PROJECT APPEARS TO HAVE LITTLE CHANCE FOR SUCCESS IN ACHIEVING ITS GOAL AND PROBABLY SHOULD BE TERMINATED AT THE EXPIRATION OF THE AGREED UPON 5 YEAR PERIOD.

E. SEPARATE MESSAGE WILL FOLLOW PROVIDING USAID ASSESSMENT OF THREE

OTHER PROJECTS: (1) IBRD DRAINAGE PROJECT; (2) IBRD ALEXANDRIA WATER SUPPLY PROJECT AND (3) IBRD INTERMEDIATE CREDIT INSTITUTION. FYI: EILTS

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, INTELLIGENCE ASSESSMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978CAIRO02100
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780041-0448, D780028-0488
Format: TEL
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780147/aaaabmya.tel
Line Count: 566
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 75ee3be2-c288-dd11-92da-001cc4696bcc
Office: ACTION SP
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 11
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 STATE 306063, 78 STATE 306061
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3749873
Secure: OPEN
Status: NATIVE
Subject: ASSESSMENT OF EFFECTIVENESS OF ECONOMIC ASSISTANCE
TAGS: ECON, EAID, EG, US
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/75ee3be2-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014